

SINGLE FAMILY HOUSING

This Exhibit provides Single Family Housing program funding and policy for the use of those funds in Fiscal Year 2005.

I. Section 502 Direct RH Loans:

- A. Allocation: Oregon's allocation of subsidized funds available for FY 2005 is \$12,497,000. The Area Office sub-allocation has not changed from the electronic mailing January 21, 2005:

Area Office	Allocation	Allocation
	Very Low	Low
REDMOND	\$ 738,330	\$ 738,330
ROSEBURG	\$ 802,380	\$ 802,380
MEDFORD	\$ 916,570	\$ 916,570
EUGENE	\$ 1,042,410	\$ 1,042,410
SALEM	\$ 1,641,140	\$ 1,641,140
PENDLETON	\$ 834,640	\$ 834,640

- B. State Office Reserves and Set-Asides: The State Office reserve will be used to fund (1) Rural Housing Loan Partnership (RHLP) Oregon's portion of funding and (2) Hardship loan Section 502 Direct RH fund reserve/set-asides are as follows:

Set-aside Category	Very Low-income	Low-Income
RHLP	\$186,795	\$186,795
Hardship	\$100,000	\$ 72,470

1. Loan Servicing: When property subject to a 502 RH loan is sold to an eligible applicant, it is Rural Development regulation to transfer by assumption the existing RH loan and process a subsequent RH loan, if needed, to pay equity, finance improvements, and pay other eligible loan costs. **Due to the limited funding, loan leveraging should be used to the maximum extent possible for equity/repair loans.**
 2. Rural Home Loan Partnership (RHLP): The National Office reserve will fund 75 percent of **RHLP** loans, with the remaining 25 percent funded from the State Office reserve.
- c. Because of our limited Section 502 Direct RH allocation, loan leveraging must be used to the maximum extent possible for new/initial loans, equity/repair loans in connection with assumptions and REO. At a minimum, 30% of all low-income and 10% of all very low- income loans made should be leveraged. Loans must be leveraged to the maximum extent possible. In order to effectively use loan leveraging, the minimum loan provided by the participating lender should be 20% of the total loan. Leveraged loans have priority over non-leveraged loans.
- D. State Office Pooling: Funding will be reviewed **April 1, 2005** to determine if changes are necessary to fully utilize our allocation by July 15, 2005.
- E. National Office Pooling: Pooling is tentatively scheduled for close of business July 15, 2005. Year-end pooled funds will be placed in the National Office reserve and will be made available administratively.

- F. Empowerment Zone (EZ) and Enterprise Community (EC) Earmark Loan funds only. Funds are earmarked for EZs and ECs only.

Allocation: Oregon's allocation of subsidized EZ/EC funds available for FY 2005 is as follows:

Very low-Income -	\$275,000
Low-Income-	\$275,000

Year-end pooling is tentatively scheduled for close of business **06/30/05**.

II. **Section 502 Direct Funds for applicants not qualifying for payment assistance:**

Subsidized funds may be used for qualified very low- and low-income applicants when the payment assistance formula shows there is no need for the subsidy. This assistance will be taken from the subsidized regular funding.

III. **Program and Non-Program Real Estate Owned (REO) Sales**

The National Office is continuing a reserve for program and non-program REO sales. REO funding is available through the NORF system. NORF requests that do not match FASTeller exactly will be rejected.

IV. **Section 504 RH Loan and Grant Funds**

- A. Allocation: The allocation of Section 504 RH loan and grant funds are as follows:

Loan :	\$503,000
Grant :	\$451,000

Sub allocation to Area Offices: The amount of funds allocated to each area office is based upon the formula specified in the 1940-L Instruction. **Rural Development Managers may submit a request to the SFH Section for additional 504 Loan funds from the National Office reserve.**

Area Office	Allocation	Allocation
	504 Loan	504 Grant
REDMOND	\$ 59,686	\$ 52,122
ROSEBURG	\$ 70,910	\$ 68,128
MEDFORD	\$ 81,384	\$ 74,090
EUGENE	\$ 77,868	\$ 74,145
SALEM	\$ 119,047	\$ 105,575
PENDLETON	\$ 74,105	\$ 61,940

- B. National Office Pooling: Pooling is tentatively scheduled for close of business July 15, 2005. Funds will be placed in the National Office reserve and will be made available administratively.
- C. Empowerment Zone (EZ) and Enterprise Community (EC) Earmark Loan and grant funds. The funds are earmarked for EZs and ECs only.

Allocation: Oregon's allocation of 504 EZ/EC loan funds available for FY 2005 is \$19,000.

Year-end pooling is tentatively scheduled for close of business June 30, 2005.

There are funds appropriated for Section 504 Grants. This money is being held at the National Office level and the grant portion must be requested through the NORF system. These funds are to be used solely for the purpose of Section 504 Loan/Grant combos (Program Type 2009)

v. Section 502 Non subsidized Guaranteed Rural Housing (GRH) Loans

A. Amount Available for Allocation:

General Allocation for Oregon/Purchase	\$30,631,694
Less Special Outreach Area Reserve (30%) All Counties not Included in an MSA	\$ 9,189,508
Net Allocation Available	\$21,442,186

B. Sub allocation to Area Offices: Purchase funds will be sub allocated to area offices as follows, based upon the formula specified in the 1940-L Instruction.

Area Office	Distribution/Allocation
Eugene	\$ 5,117,484
Medford	\$ 4,988,524
Pendleton	\$ 3,823,295
Redmond	\$ 3,810,736
Roseburg	\$ 4,370,377
Salem	\$ 8,521,278
	\$ 30,631.694

C. Refinance Funds: Funds were not sub-allocated to states. Refinance funds carry a separate subsidy rate and are tracked using a different type of Assistance code in the Guaranteed Loan System. The distribution amount listed in GLS will be the combined total allocation distributed to each state for purchase loans and refinance loans until GLS is upgraded to track the refinance loans independent of the purchase loans.

D. National Office Pooling: It is anticipated that funds will be adequate through the month of August 2005. Pooling is tentatively scheduled for August 12, 2005. However, if funds are used at a faster rate than anticipated, there may be a pooling sometime sooner.

E. Marketing and Outreach: Each RDM has an individual responsibility for outreach efforts to market the GRH program. Sales and marketing contacts must continue throughout the fiscal year with determination to sell and market the GRH program. Every effort must be made by each RDM to effectively disseminate information by contacting local housing groups, community leaders, mortgage brokers, local Realtors, builders and news media.

Working closely with existing lenders is also critical to having a successful program. You must maintain contact with existing lenders to demonstrate our presence and interest in working with them, keeping them informed of program activity and changes. Exceptional delivery and timely consistent responses to program questions will demonstrate to participating lenders our commitment to this program and the lenders who utilize it.

VI. Section 523 Self-Help Site Loans and Section 524 RH Site Loans

Funds are available for these programs and will be maintained in the National Office. Area Offices should contact the SFH Section for funding availability before encouraging an organization to

development an application. \$10,000,000 is available nationwide for the Section 523 program and \$5,045,000 is available nationwide for the Section 524 program.

VII. Section 523 Mutual Self Help Housing Technical Assistance Grants

\$33,728,000 has been appropriated for Section 523 Mutual and Self-Help Technical Assistance Grants.

VII. Section 509 Compensation for Construction Defects

\$200,000 is available nationwide for this program. All claims for compensation for construction defects must be submitted through the SFH Section for National Office authorization of funds.

VIII. Section 525 Technical and Supervisory Assistance (TSA) and Section 509 Housing Application Packaging Grants (HAPG)

\$992,000 of funds for section 525 TSA grants for the TSA and HAPG programs. Funds are available on a limited basis for TSA grants.